

For: State and County Offices**Linkage Noncompliance Reports****Approved by:** Acting Deputy Administrator, Farm Programs**1 Overview****A****Background**

1-DAP, paragraph 1001 contains the crop insurance linkage requirements for 1998 Crop Loss Disaster Assistance Program (CLDAP) participants. Producers receiving a single-year CLDAP payment for uninsured crops were required to purchase crop insurance in 1999 and 2000 on all insurable crops of economic significance.

2-DAP, paragraph 8 contains the crop insurance linkage requirements for 1999 Crop Disaster Program (CDP) participants. Producers who elected not to purchase crop insurance on a crop in 1999 for which CDP payments were received were required to purchase crop insurance on that crop for the 2000 and 2001 crop years.

These linkage requirements apply to the producer's interest in all counties regardless of where the benefits were obtained.

The software to print the Linkage Noncompliance Reports is included in County Release No. 455. The 1998 CLDAP Linkage Noncompliance Report will automatically generate a list of producers:

- who received a 1998 CLDAP payment for uninsured crops
- for whom the Risk Management Agency (RMA) has no record of a 2000 crop insurance policy being purchased.

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Disposal Date

December 1, 2001

DistributionState Offices; State Offices relay to County
Offices

Notice DAP-97

1 Overview (Continued)

A

Background (Continued)

The 1999 CDP Linkage Noncompliance Report will automatically generate a list of producers:

- who received a 1999 CDP payment for an uninsured crop
- for whom RMA has no record of a 2000 crop insurance policy being purchased on the crop receiving a CDP benefit.

The reports will serve as a basis for CDP linkage compliance verification.

B

Purpose

This notice provides instructions for using the following reports as a basis for compliance determinations:

- 1998 CLDAP Linkage Noncompliance Report
 - 1999 CDP Linkage Noncompliance Report.
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2 County Office Action

A Reviewing Report for Potential Violations

County Offices shall:

- review the list of producers on the 1998 CLDAP Linkage Noncompliance Report and the 1999 CDP Linkage Noncompliance Report
- notate those producers readily identifiable as being in compliance.

A producer may appear on the report, but not be out of compliance with the linkage requirements if any of the following apply:

- for 1998 CLDAP, the producer planted an insurable crop, but the crop did not meet the definition of economic significance
- for 1998 CLDAP, the producer did not plant an insurable crop during the 1999 and 2000 crop years
- for 1999 CDP, the producer did not plant the crop receiving a 1999 CDP benefit during the 2000 crop year
- for 1999 CDP, the crop insurance sales closing date passed before application
- the producer has already paid liquidated damages to the County Office
- the producer is no longer farming
- the producer is no longer farming as the entity listed on the report.

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2 County Office Action (Continued)

B

Mailing Notification Letter to Producers on Report

Using the Linkage Noncompliance Reports as a basis, mail each producer a notification letter informing them of their crop insurance requirements and the lack of an RMA record indicating insurance was purchased for the 2000 crop year. Use the suggested formats in Exhibit 1 or 2.

Note: If a producer is listed on both reports, 2 notification letters **shall** be mailed.

The notification letter shall be mailed by April 6, 2001.

C

Follow Up For 1998 CLDAP

After 30 calendar days, the County Office shall follow up the notification letter with a demand letter listing the liquidated amount being assessed. A demand letter shall be sent to those producers who have not responded to the initial notification letter.

Note: If a producer is listed on both reports, 2 demand letters **shall** be mailed.

The amount of liquidated damages to be assessed in the demand letter will be:

- \$120 if there is 1 insurable crop in the county
- \$240 if there are 2 insurable crops in the county
- \$360 if there are 3 insurable crops in the county
- \$400 if there are 4 or more insurable crops in the county.

Note: Liquidated damages are not to exceed \$400 per county for single county and \$1,200 for multi-county.

Refer to the insurable crop table printed out according to 1-DAP, paragraph 1088 to determine the insurable crops in the county.

The initial assessment may be reduced if the producer provides evidence to the County Committees (COC's) satisfaction indicating the number of insurable crops planted during the 2000 crop year was less than the maximum insurable in the county.

Example: A producer may initially be assessed \$400 because there were 4 insurable crops grown by the producer within the county. The producer indicates only 1 insurable crop was actually planted and the claim is verified with a previously filed acreage report. COC may reduce the liquidated damage amount to \$120.

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Notice DAP-97

2 County Office Action (Continued)

D

Follow Up For 1999 CDP

After 30 calendar days, the County Office shall follow up the notification letter with a demand letter listing the liquidated amount being assessed. A demand letter shall be sent to those producers who have not responded to the initial notification letter.

Note: If a producer is listed on both reports, 2 demand letters **shall** be mailed.

The amount of liquidated damages to be assessed in the demand letter will be:

- \$120 if a 1999 CDP payment was received on 1 insurable crop in the county
- \$240 if a 1999 CDP payment was received on 2 insurable crops in the county
- \$360 if a 1999 CDP payment was received on 3 insurable crops in the county
- \$400 if a 1999 CDP payment was received on 4 or more insurable crops in the county.

Note: Liquidated damages are not to exceed \$400 per county for single county and \$1,200 for multi-county.

Refer to the insurable crop table printed out according to 2-DAP, paragraph 228 to determine the insurable crops in the county.

The initial assessment may be reduced if the producer provides evidence to COC's satisfaction indicating that any of the crops the producer is being assessed for were not planted during the 2000 crop year.

Example: A producer may initially be assessed \$400 because a 1999 CDP payment was received by the producer on 4 insurable crops in the county. The producer indicates only 1 insurable crop was actually planted in 2000 and the claim is verified with a previously filed acreage report. COC may reduce the liquidated damages amount to \$120.

E

Establishing a Claim

Follow 58-FI to establish a claim for the linkage liquidated damage assessment claim.

3 Printing the Linkage Noncompliance Reports

A

Initial Download of Reports

The software to print the 1998 CLDAP Linkage Noncompliance Report and the 1999 CDP Linkage Noncompliance Report is included in County Release No. 455.

The actual data for the report will be transmitted from KC-ITSDO on March 19, 2001, with County Offices receiving the data during start-of-day on the day following installation of County Release No. 455. The reports **will not** be generated until County Release No. 455 has been installed.

The reports identify the producers who received 1998 CLDAP and 1999 CDP payments for uninsured crops, but RMA has no record of an insurance policy being purchased by the producer for 2000. The report lists the following:

- producer ID number
- producer name
- crop (1999 CDP Linkage Noncompliance Report only)
- dollar amount received.

RMA made the determination to which county the producer should be downloaded based on the CLDAP and CDP payment history files; therefore, a record will be downloaded to each County Office for the program, 1998 CLDAP and/or 1999 CDP, from which the producer received a payment.

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3 Printing the Linkage Noncompliance Reports (Continued)

B

Reprinting the 1998 CLDAP Linkage Noncompliance Report

The 1998 CLDAP Linkage Noncompliance Report can be reprinted if necessary from the Crop Loss Disaster Assistance Program Reports Menu MHADR0. Follow these steps to reprint the report.

Step	Menu	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable, and PRESS "Enter."
2	FAX09002	Enter the appropriate county, if applicable, and PRESS "Enter."
3	FAX07001	ENTER "11", "PFC/Compliance", and PRESS "Enter."
4	M00000	ENTER "1", "NAP and Disaster", and PRESS "Enter."
5	MH0000	ENTER "10", "Crop Loss Disaster Assistance Program", and PRESS "Enter."
6	MHAX00	ENTER "1", "Crop Loss", and PRESS "Enter."
7	MHAD00	ENTER "4", "Reports", and PRESS "Enter."
8	MHADR0	ENTER "4", "Linkage Noncompliance Report", and PRESS "Enter."
9	MHADRL	ENTER "2", "2000 Linkage Report", and PRESS "Enter."
10	MHADPS01	Enter the printer ID, and PRESS "Enter" to generate report.

C

Example of 1998 CLDAP Linkage Noncompliance Report

The following is an example of the 1998 CLDAP Linkage Noncompliance Report.

North Dakota	USDA-FSA	Prepared: 03-01-2001
A RANSOM	CLDAP Linkage Noncompliance Report	
Report ID: MHADR4-R001		Page: 1
This report lists the producers who received 1998 CLDAP Payments for uninsured crops. These producers were required to purchase crop insurance in 2000; however, RMA has no record of an insurance policy being purchased.		
<u>Producer ID</u>	<u>Producer Name</u>	<u>Dollar Amount Received</u>
123456789	John Smith	500.00

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3 Printing the Linkage Noncompliance Reports (Continued)

D

Reprinting the 1999 CDP Linkage Noncompliance Report

The 1999 CDP Linkage Noncompliance Report can be reprinted if necessary from the Crop Disaster Program Reports Menu MHADR0. Follow these steps to reprint the report.

Step	Menu	Action
1	FAX250	ENTER "3" or "4", "Application Processing", as applicable, and PRESS "Enter."
2	FAX09002	Enter the appropriate county, if applicable, and PRESS "Enter."
3	FAX07001	ENTER "11", "PFC/Compliance", and PRESS "Enter."
4	M00000	ENTER "1", "NAP and Disaster", and PRESS "Enter."
5	MH0000	ENTER "1", "Crop Disaster Program", and PRESS "Enter."
6	MHA0YR	ENTER "1", "1999 Crop Year", and PRESS "Enter."
7	MHAX00	ENTER "1", "Crop Loss", and PRESS "Enter."
8	MHAD00	ENTER "2", "Reports", and PRESS "Enter."
9	MHADR0	ENTER "9", "Linkage Noncompliance Report", and PRESS "Enter."
10	MHADPS01	Enter the printer ID, and PRESS "Enter" to generate report.

E

Example of 1999 CDP Linkage Noncompliance Report

The following is an example of the 1999 CDP Linkage Noncompliance Report.

North Dakota	USDA-FSA	Prepared:	03-01-2001
A RANSOM	CDP Linkage Noncompliance Report		
Report ID:	MHADR9-R001		Page: 1
This report lists the producers who received 1999 CDP Payments for uninsured crops. These producers were required to purchase crop insurance in 2000; however, RMA has no record of an insurance policy being purchased.			
<u>Producer ID</u>	<u>Producer Name</u>	<u>Crop</u>	<u>Dollar Amt Received</u>
123456789	John Smith	CORN	500.00

Example of Notification Letter for 1998 CLDAP

United States
Department of
Agriculture

County Office Name and Address

Date

To : Participants in the 1998 Crop Loss Disaster Assistance Program

Producers who received single-year payments for uninsured crops under the 1998 Crop Loss Disaster Assistance Program (CLDAP) were required to purchase crop insurance in 1999 and 2000 for all insurable crops of economic significance.

In _____ County, crops that were insurable are:
(Insert County Name)

(List each crop in which at least CAT level insurance was available according to 1-DAP, paragraph 1088.)

Noncompliance with the crop insurance linkage requirement will result in a liquidated damage assessment for 2000 of the lesser of:

- your 1998 disaster payment, or
- twice the fee for CAT level insurance coverage (\$60 X 2 = \$120) for the crop or crops for which you did not purchase crop insurance, not to exceed \$400 per county for single-county producers and \$1,200 for multi-county producers.

There has been no record received in the _____ FSA County Office from the Risk Management Agency indicating you purchased the required crop insurance for 2000. You should immediately contact the _____ FSA County Office to resolve any differences.

If you did not grow any of the crops listed above during 2000, you may indicate so by signing the attached certification and returning it to the _____ FSA County Office within 30 calendar days from the date of this letter.

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Example of Notification Letter for 1998 CLDAP (Continued)

Crop Insurance Linkage Certification

During the 2000 crop year, I did not plant or have an economic interest in any crop which at least Catastrophic level crop insurance coverage was available. I understand this linkage requirement for payments received under the 1998 Crop Loss Disaster Assistance Program applies to my interest in all counties regardless of where the benefits were obtained.

Print Name of producer receiving payments under the 1998
Crop Loss Disaster Assistance Program

Signature of the Producer

Date

Example of Notification Letter for 1999 CDP

United States
Department of
Agriculture

County Office Name and Address

Date

To : Participants in the 1999 Crop Disaster Program

Producers who received payments under the 1999 Crop Disaster Program (CDP) for uninsured crops were required to purchase crop insurance in 2000 and 2001 for any insurable crop for which payment was received.

In _____ County, crops that were insurable and received a 1999 CDP payment:
(Insert County Name)

Noncompliance with the crop insurance linkage requirement will result in a liquidated damage assessment for 2000 of the lesser of:

- your 1999 disaster payment, or
- twice the fee for CAT level insurance coverage (\$60 X 2 = \$120) for the crop or crops for which a 1999 CDP payment was received and you did not purchase crop insurance, not to exceed \$400 per county for single-county producers and \$1,200 for multi-county producers.

There has been no record received in the _____ FSA County Office from the Risk Management Agency indicating you purchased the required crop insurance for 2000. You should immediately contact the _____ FSA County Office to resolve any differences.

If you did not grow any of the crops listed above during 2000, you may indicate so by signing the attached certification and returning it to the _____ FSA County Office within 30 calendar days from the date of this letter.

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Example of Notification Letter for 1999 CDP (Continued)

Crop Insurance Linkage Certification

During the 2000 crop year, I did not plant any crop which at least Catastrophic level crop insurance coverage was available and a 1999 CDP payment was received. I understand this linkage requirement for payments received under the 1999 Crop Disaster Program applies to my interest in all counties regardless of where the benefits were obtained.

Print Name of producer receiving payments under the 1999
Crop Disaster Program

Signature of the Producer

Date